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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	CC Docket No. 92-77
Billed Party Preference	)	Phase I
for 0+ InterLATA Calls	)	

SUPPLEMENTAL COMMENTS OF INTERNATIONAL TELECHARGE, INC.

International Telecharge, Inc. doing business as Oncor Communications, Inc. ("ITI/ONCOR") hereby submits its comments in support of the proposal of the Commission to adopt a method of compensation for operator service providers ("OSPs") who transfer calls to issuers of 0+ proprietary cards.

I. INTRODUCTION AND SUMMARY

In the Report and Order and Request for Supplemental Comment in this proceeding, the Commission rejected the proposal of ITI/ONCOR and most other OSPs to adopt a system of "0+ in the public domain" for 0+ "proprietary" calling cards such as AT&T's CIID card.[1] Instead, the Commission, among other things, ordered AT&T to re-educate its customers to dial an access code where the telephone is presubscribed to a carrier other than AT&T. In addition, the Commission requested further comment on "methods for compensating operator service providers who continue to receive 0+ dialed proprietary card calls and who wish to transfer those calls to the card issuer for completion."[2]

In view of the Commission's decision declining adoption of "0+

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[1] Billed Party Preference for InterLATA Calls, CC Docket No. 92-77, Phase I, FCC 92-465 (rel. Nov. 6, 1992).

[2] Id., para. 64.

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in the public domain," it is critical that the Commission ensure that OSPs who continue to receive proprietary CIID card calls are adequately compensated for the costs which they incur.[3] As explained in greater detail below, ITI/ONCOR supports a system of compensation for transferred calls which includes the following features:

1) mandatory participation by all 0+ proprietary card issuers;
2) OSPs are permitted to attempt to convert the call to an alternate billing method;
3) broad definition of "transfer", including giving the customer redialing instructions;
4) full compensation for the OSP's individual costs;
5) may be offered pursuant to contract or tariff.

A service encompassing the above feature will serve the public interest.

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[3] ITI/ONCOR continues to believe that a competitive operator services marketplace cannot be achieved when AT&T is permitted to exercise its considerable market power to preempt a significant portion of 0+ dialing, as it has with its proprietary CIID cards. As ITI/ONCOR, CompTel and many other OSPs have demonstrated repeatedly in this docket and in CC Docket No. 91-115, AT&T's CIID cards -- which the Commission itself found to have been deceptively marketed to consumers -- are nothing more than an effort by AT&T to re-monopolize the operator services marketplace. Therefore, although ITI/ONCOR supports the Commission's efforts to ensure that OSPs which transfer calls to the card issuer are adequately compensated, it does not believe that compensation (even when coupled with customer reeducation), corrects the inequities in the marketplace created by AT&T's anticompetitive activities.

II. PROPOSED FEATURES OF A TRANSFER COMPENSATION SERVICE

A. Mandatory Participation by Card Issuers

Any compensation mechanism that the Commission adopts must be mandatory for all 0+ proprietary card issuers if it is to be meaningful. As demonstrated by the "NTS Through Rate Petition"[4] and the "Task Force Report to the Federal Communications Commission Concerning 'Call Splashing'"[5], OSPs have been transferring calls to AT&T since the birth of the competitive operator services industry. As further demonstrated by those documents, despite requests by OSPs, AT&T has never provided any compensation for the OSPs' costs in transferring those calls and, indeed, stonewalled any attempts by OSPs to eliminate the problems of "splashing" occasioned by those early transfer attempts.

Now, there are approximately 30 million AT&T CIID cards in the marketplace. Because of AT&T's instructions to cardholders to dial 0+ the number, many cardholders continue to attempt to use these cards on a 0+ basis from phones presubscribed to ITI/ONCOR. Although many of these customers want to place their call with the presubscribed carrier and are happy to provide ITI/ONCOR with an alternative billing method, many other customers request to be transferred to AT&T. ITI/ONCOR and, presumably, virtually all

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[4] Petition for Order to Require AT&T to Establish A Through Rate and Reasonable Division of Charges, ENF-89-2, filed by National Telephone Services, Inc. ("NTS"), Nov. 15, 1988.

[5] Task Force Report to the Federal Communications Commission, Concerning "Call Splashing", Submitted by the Call Splashing Task Force of the Ad Hoc Operator Service Providers Committee of the Exchange Carriers Standards Association ("ECSA Splashing Report"), June 1, 1989.

other OSPs, are thus already compelled by marketplace forces to transfer many of these calls to AT&T in order to serve AT&T customers. Of course, AT&T does not compensate ITI/ONCOR for any of these costs.

Given AT&T's historical "free ride" on the existing transfer services of competitive OSPs, it has very little incentive to begin to voluntarily pay OSPs for these services. Therefore, in order to be effective, any transfer service adopted by the Commission must be mandatory for all 0+ proprietary calling card issuers.

B. Transfer Should Be Voluntary

Any system of transfer compensation adopted by the Commission should not require automatic transfer of all 0+ calling card calls to the card issuer but should permit OSPs the flexibility to carry any calls placed over their network, with customer consent. In many instances, the caller using a 0+ proprietary card simply wants to use the convenience of 0+ calling with the presubscribed carrier and is happy to supply an alternative billing method for the call. Therefore, OSPs should not be foreclosed from soliciting an alternative billing method from the caller and carrying the call, if the customer agrees.

C. Transfer Should Be Compensated

There are a number of methods of transferring calls among OSPs and the Commission should not require all carriers to adopt a single method in order to be eligible for compensation. ITI/ONCOR is aware of at least three predominant methods of transfer which should be compensated under any system adopted by the Commission:

1) instructing the caller to redial using an AT&T access code; 2) call reorigination; and 3) direct call transfer.

The simplest means of transferring a caller to AT&T is to instruct the caller to dial either 10288 or the AT&T 800 number. This method educates the consumer on the proper way to use their CIID card, limits the network costs of the OSP, and does not cause splashing, which would violate the Telephone Operator Services Consumer Improvement Act of 1990 ("TOCSIA"). However, in offering this transfer method, OSPs incur substantial costs.

For example, the way in which the ITI/ONCOR network is configured, all calls are transported to the ITI/ONCOR switch in Dallas. Therefore, in handling a call which will be transferred to AT&T, ITI incurs network transport costs, live operator costs and access charge costs. In addition, such a call ties up valuable operator equipment capacity which could be used for processing revenue-producing calls. Therefore, whenever an OSP instructs the caller to dial an AT&T access code, the OSP should be compensated for its costs. [6] ITI/ONCOR frequently uses this method of transfer.

Another common method of transfer in the ITI/ONCOR network is call reorigination. Call reorigination was designed to permit call transfer without the billing inaccuracies created by splashing. Under call reorigination, ITI/ONCOR receives a CIID card call at its switch, then signals a tone back to a dialer at the originating location. The dialer then dials 10288-0 and transfers the call to

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[6] Not included in these costs would be any operator time assessed in asking the customer if he or she would prefer to use an alternative billing method.

AT&T. AT&T receives the ANI on the call to ensure proper billing, but the caller must repeat the called number and the calling card number to the AT&T operator.

ITI/ONCOR can use call reorigination as a method of transfer at those hospitality locations which are equipped with dialers and at certain "smart" COCOT locations. Call reorigination is not ordinarily available as a method of transfer at other locations, including LEC public telephones. Like giving redialing instructions, call reorigination incurs operator, network and equipment costs which should be compensated by card issuers receiving transferred calls.

Direct transfer of calls from the OSP operator center to an AT&T operator is another common method of transfer. In the past, AT&T has refused to accept the ANI on calls transferred by this method, causing splashing. Therefore, ITI does not ordinarily use this method of transfer. However, offering this service incurs network, equipment and operator costs which should be eligible for compensation.

D. Establishing a Proper Transfer Rate

Individual OSPs will have differing costs for transfer service. Therefore, the Commission should not establish a set rate for transfer compensation but should allow individual OSPs to set their own reasonable rates for the service.

For example, the costs incurred by a "smart" payphone, which is able to identify a CIID card call at the CPE and transfer it from that point to AT&T, will incur lower costs for transfer than an OSP such as ITI/ONCOR, which receives calls from a wide variety of property types with differing CPE. Moreover, the costs an OSP incurs differ significantly depending on which method of call transfer the OSP employs for the call. Given the cost differences among individual OSPs, requiring every OSP to charge the same rate could be unfair and unlawful under the Communications Act. Therefore, each OSP should be permitted to develop and set its own rate for call transfer service or to concur in the rates set by other similarly situated OSPs.

E. The Service Should Be Offered Pursuant to Contract or Tariff

The Commission should allow individual OSPs the option of deciding whether to offer their call transfer service pursuant to contract or tariff. ITI/ONCOR is willing to negotiate with card issuers to establish reasonable, mutually agreeable contract terms governing its call transfer service. However, as noted above, AT&T has enjoyed the benefits of OSP call transfer services in the past without having to pay for them. It is thus possible that AT&T will not be willing to agree to pay the reasonable costs of such a service pursuant to a negotiated contract. In such a case, OSPs should be given the option to file tariffs and thus obtain more direct FCC oversight over the process of establishing a reasonable transfer service.

III. CONCLUSION

Although ITI/ONCOR continues to believe that fair competition in the operator services industry can only be achieved if all OSPs are permitted to validate and bill all 0+ calling cards, given the

Commission's decision not to adopt "0+ in the public domain," it is critical that the costs incurred by OSPs in transferring these calls to the card issuers be compensated. Accordingly, ITI/ONCOR urges the Commission to adopt a compensation system consistent with the feature described above as soon as possible.

Respectfully submitted,

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By ______________________

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